

# The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)



## Visakhapatnam Branch e-Newsletter



APRIL - 2025

Chairman

CA. Sridhar Andhavarapu

Secretary

CA. Ramu Naidu N

Editor

CA. Mogalapalli P GuruMurthy



Appreciation Letter received from President and Vice President of ICAI for contribution to CABI by members of our branch



# AIMCMM

All India Managing Committee  
Members Meet 2025



चिह्नक





## From the Chairman's Desk



Dear Team,

సరస్వతీ త్వియం దృష్ట్వా వీణా పుస్తక ధారిణీ  
హంస వాహన సంయుక్తా విద్యాదాన కరీ మమ

“O Goddess Saraswati!

You hold the Veena and a book in your hands, you are adorned with a swan as your vehicle,

By seeing you, may I be blessed with the gift of knowledge and wisdom.”

This verse is a prayer to Goddess Saraswati, seeking her blessings for wisdom, learning, and intellectual growth.

As we step into a new financial year, I want to take a moment to reflect on our journey and share my vision for the road ahead. The past year has been a testament to our resilience, innovation, and teamwork. Together, we have navigated challenges, celebrated successes, and laid the foundation for a promising future.

The global landscape continues to evolve rapidly, presenting both opportunities and challenges. Our commitment to excellence, adaptability, and a forward-thinking approach has positioned our profession at the forefront in the economy of the Nation. As we embrace the possibilities of 2025, let us focus on

professional empowerment and enrichment by identifying the untapped areas of practice through learn unlearn and relearn approach.

### All India Managing Committee Members Meet – 2025:

ICAI organized the All India Managing Committee Members Meet – 2025 (AIMCMM) at New Delhi on 21st, 22<sup>nd</sup> and 23rd March 2025. Shri P. P. Chowdhary, Member of Parliament and Former Union Minister, inaugurated the meet. Our beloved and esteemed President CA. Charanjot Singh Nanda, Vice-President CA. Prasanna Kumar D, Central Council Members of ICAI, Chairpersons and Council Members of all five Regions, and Chairpersons and Members of the Managing Committee of 177 Branches were part of the three-day mega event.

Our esteemed President, CA. Charanjot Singh Nanda unveiled the theme for the year 2025- 2026, “VISHWASNIYA”. The theme, as emphasized by the President, is centered around Trust, built on 11 guiding pillars that will serve as the roadmap guiding the Institute through the year toward transformative growth and progress.

- V- Vision for Viksit Bharat
- I - Integrity & Ethics
- S- Sustainability & Social Impact
- H - Holistic Professional and Leadership Development
- W - Wellness & Work-life Balance
- A - Accelerating Digital Transformation
- S - Stakeholder Engagement
- N - Nation-first Approach
- I - Innovation & Entrepreneurship
- Y- Youth and Women Led Development
- A – Accountability, Trust and Transparency

Our Visakhapatnam Branch of ICAI(SIRC) will have its Action Plan aligned with the theme of ICAI and will focus its activities in furtherance of “VISHWASNIYA” in “VISHWAVASU”.

Our beloved Vice-President CA. Prasanna Kumar D highlighted the priorities before the Council and called upon the representatives of Regions and Branches to work towards the theme set by the esteemed President.

The meeting provided insights into the functions of the various Committees of ICAI, the objectives and expectations, the role of the Branches of Regional Councils in sync with the theme of ICAI for the year 2025-2026, immense learning from the experience of the leadership, governance strategies, attaining professional excellence, and effective administration through engaging, enlightening and enriching sessions through expert led discussions. These deliberations profoundly impacted the participants and for following the best practices in strengthening

their activities to deliver enhanced services to the members, students, and other stakeholders.

Overall, it was an opportunity for all of us present at the meeting to learn the nuances of administering the activities at the Branch level and align our programmes and functions in sync with the avowed objectives of ICAI. The occasion also provided an excellent opportunity to meet and interact with our counterparts and members from Branches across the country, sharing insightful thoughts and engaging in interesting interactions.

### Recap of March 2025 Programmes

Your branch has organised seminars covering topics SME IPO & Opportunities for Chartered Accountants, UAE Business Set up & Compliance, CPE Seminars on Bank Audit, Audit Under CBS, Using excel in Bank Audit, IRAC Norms, Long Form Audit Report (LFAR) Practical Approach, International Women's Day with the theme- “Aspire Adapt Achieve - Pioneering Change, Setting Trends”. Overcoming Challenges to Become a Successful Woman CA, CPE Seminar NPOs and Charitable Trusts with practical case studies

We have also organised Campus Placement Orientation Programme for the Newly Qualified Chartered Accountants.

During the 61st Campus Placement Programme Amara Raja Group had given offer letters to the selected members through the interviews conducted at our branch.

### Way forward

April month being bank audit season, I wish all the members conducting bank audits make use of learnings from the seminars conducted and in case of any technical support you may please reach us for necessary support in troubleshooting.

### Sub Committees:

As per the provisions of Direction 26(i) of the Revised Directions of the Central Council regarding Functions of the Branches of Regional Councils, we are in the process of establishing the following subcommittees:

Continuing Professional Education (CPE) Committee, Taxation Committee, Newsletter Committee, Information Technology (IT) Committee and Library Committee. These committees are the arms of the branch and assist in branch performance with precision and perfection.

Request the past chairpersons and other members to be part of any of the above committees.

It's our endeavour to organise various programs on contemporary topics such as AI, use of technology in furthering our profession as enabler, industry specific seminars involving CAs and business owners, trade associations in the days to come. We are working on enlightening our members with a 360° approach from the concept, execution and then regulatory compliance.

We have received the approval to conduct DISA Certification course at your branch, the classes will commence from April 18<sup>th</sup>, as the seats are limited to 50 and filling fast, request the interested members to enrol for the course forthwith.

Our newsletter contains comprehensive list of upcoming programs for the month. During the month of April, we are organising few programs keeping in mind the needs of the young members of the branch. I encourage you to follow the schedule carefully. These events cover a wide range of topics, from technical updates to soft skills development. Participate actively, engage with fellow members, and enhance your professional acumen.

I urge all our members to subscribe to the One Time Annual Payment Scheme. This option not only simplifies your financial transactions but also supports the efficient functioning of our branch.

Additionally, we have received a letter of appreciation from the Hon President CA. Charanjot Singh Nanda and our beloved CA. Prasanna Kumar D, Vice President, at the AIMCMM 2025 held at New Delhi. It's a proud moment for all of us at Visakhapatnam and this is dedicated to all the members contributed to the CABF generously, let us continue our tradition of contributing to the Chartered Accountants Benevolent Fund (CABF). Your generosity can make a significant difference in the lives of our fraternity in meeting their financial obligations to some extent.

### Conclusion

The future belongs to those who can upskill their technical knowledge and equipped with latest trends and continuous thrust to learn new things. (Nithya Vidyarthi)

Our journey has only just begun. The true destination lies ahead, testing our resolve and pushing us beyond our limits. I am confident that with our collective efforts, 2025 will be a year of remarkable achievements.

Thank you for your dedication, passion, and unwavering commitment to our shared goals. Together, we will continue to reach new heights.

Warm regards,

**CA. Sridhar Andhavarapu**

Chairman

DO YOU WANT TO INCREASE YOUR NETWORTH?  
INCREASE YOUR NETWORK



# COMPLIANCE CALENDAR

## Days to Remember April 2025

**CA. P.S.V. Sai Kumar**

Date	Department	Summary
1/4/2025	MCA	Declaration from Director in Form MBP-1 and Form DIR-8
5/4/2025	SEZ	Monthly Report of Investment & Employment
7/4/2025	FEMA	ECB 2 Monthly & Quarterly Return (Jan'25-Mar'25)
7/4/2025	STPI	STPI - MPR(Due date for STPI-MPR/QPR may differ for each locations)
7/4/2025	TCS	TCS Payment for Mar'2025
7/4/2025	Equalisation Levy	Collection and recovery of equalisation levy on specified services in the month of Mar'2025
10/4/2025	Professional Tax	PT on Salaries for Mar'2025( Due date varies from State to State)
10/4/2025	STPI/SEZ	STPI - SERF; SEZ - SERF
10/4/2025	GST	GSTR - 7 (TDS) ; GSTR - 8 (TCS)
11/4/2025	GST	Monthly Return of GSTR 1 for Mar'2025
13/4/2025	GST	GSTR-1(Jan-Mar 2025) for QRMP;GSTR 5 - Non Resident Foreign Tax Payers;GSTR 6 - Input Service Distributor
14/4/2025	TDS	Due date for issue of TDS Certificate for tax deducted under section 194-IA,IB,IM,IS in the month of Feb, 2025
15/4/2025	Income Tax	Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 2025
15/4/2025	PF & ESI	Monthly Payment for Mar'2025
15/4/2025	NBFCs-D	NBS1/NBS2/NBS3/Branch Information Return
15/4/2025	NBFC-ND-SI	NBS7,NBFCs-ND-SI 500cr,ALM-1,Branch Info return
15/4/2025	NBFC-ARC	Form ARC
15/4/2025	RNBCs	Form NBS-3A
15/4/2025	NBFC	ALM-(NBFC-ND-SI)
18/4/2025	GST	CMP 08 for Jan to Mar 2025 (Composition Scheme)
20/4/2025	GST	Monthly GSTR 3B; GSTR - 5A (OIDAR) - for Mar'2025
21/4/2025	SEBI	Regulation 31 (1) (b) - Disclosure of Shareholding Pattern

Date	Department	Summary
21/4/2025	SEBI	Regulation 27(2)(a) - Corporate Governance Report
21/4/2025	NBFCs-D / NBFC-ND-SI	Reporting to Central Repository of Information on Large Credits (CRILC)
22/4/2025	GST	GSTR 3B (Jan-Mar, 2025) QRMP for Category-I States*
24/4/2025	GST	GSTR 3B (Jan-Mar, 2025) QRMP for for Category-II States*
30/4/2025	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194-IA,IB,M,S in the month of Mar, 2025
30/4/2025	PT	Annual PT Payment(FY2024-25)
30/4/2025	TDS/TCS	TDS Payment for March 2025
30/4/2025	MCA	Form MSME 1 (Oct-Mar'25) (Half yearly Return)
30/4/2025	Income Tax	Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2025
30/4/2025	GST	GSTR-4 (FY 2024-25) for Composition taxpayers
30/4/2025	GST	Opt in / Opt out of GST Quarterly scheme for April to June 2025
30/4/2025	SEBI	Regulation 7(3) - Compliance certificate by the share transfer agent
30/4/2025	SEBI	Regulation14 - Payment of listing fees & Other charges
30/4/2025	SEBI	Regulation 40 (9) - Certificate from Practicing Company Secretary
30/4/2025	SEBI	Regulation 40(10) - Transfer or transmission or transposition of securities
30/4/2025	SEBI	Regulation 76 - Reconciliation of Shares and Capital Audit
30/4/2025	NBFCs-D	ALM (NBFCs-D having public deposit of > Rs. 20 crore Or asset size of> Rs. 100 crore)
30/4/2025	NBFC-ND-SI	ALM-2 & 3
30/4/2025	Other NBFC's	Return on FDI

**\*Category I :** States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.

**\*\*Category II :** States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi





**The Institute of Chartered Accountants of India**  
(Setup by an Act of Parliament)  
**Visakhapatnam Branch (SIRC)**



# **INFORMATION SYSTEM AUDIT (DISA 3.0)** (Physical Batch)

**Digital Accounting and Assurance Board, ICAI**

**Venue:**

**Visakhapatnam Branch of SIRC of ICAI**

ICAI Bhawan, D.No. 9-36-22/2, Pithapuram Colony, Visakhapatnam 530003

**Start from  
18th April, 2025**

**Duration :  
12 Days  
(6 hours per day)**

**CPE  
30 hours**

**Course Dates:**

**April 18th, 19th [2 days], 21st to 24th [4 days], and  
28th, 29th, 30th April and May 1st [4 days] May 5th and 6th [2 days]**

Program details and period of Sessions will be shared shortly  
Limited Registrations are allowed. | Please register at the earliest  
Registration Link:

<https://learning.icai.org/committee/daab/pqc/vishakapatnam-physical-25/>

FAQs regarding issues faced by Members are available at:

<https://learning.icai.org/committee/faqs/>

Email: isa@icai.in, isa2@icai.in, visakhapatnam@icai.org

Helpline Numbers : 01203045961, 963



**CA. Sridhar Andhavarapu**  
Chairman

**Fee :  
Rs. 20,000 /-**



**CA. Ramu Naidu N**  
Secretary

# ICAI UPDATES

## ANNOUNCEMENT

### **Auditing and Assurance Standards Board The Institute of Chartered Accountants of India**

#### ONLINE PANEL OF EXPERTS FOR ADDRESSING BANK BRANCH AUDIT RELATED QUERIES

The bank audit season is around the corner and the Reserve Bank of India (RBI) has made several significant announcements requiring the attention of Statutory Branch Auditors (SBAs). These include revised guidelines on Basel III capital regulations, prudential norms for income recognition, asset classification, and provisioning related to advances, as well as master directions on external commercial borrowings, trade credits and structured obligations, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR); transfer of loan exposures; and presentation & disclosures of financial statements of banks.

**The Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued 2025 Edition of the Guidance Note on Audit of Banks to guide the members w.r.t. the aforementioned developments.** The Guidance Note has been updated to reflect recent pronouncements by ICAI relevant to bank audits and any amendments/changes in applicable laws or regulations.

Given the fact that the banking industry is typical in terms of its geographical reach and diverse customer base, along with the extensive range of products and services offered, conducting audits within the given timelines poses numerous challenges for members. These challenges may include determination of Non-Performing Asset (NPA) status, implication of complex data encountered during branch audits, encountering situations where relevant RBI circulars are unavailable, understanding the implications of requirements of RBI circulars, assessing the nature and adequacy of documentation, determining appropriate wording for audit reports on crucial matters in bank branch audits, addressing reporting requirements for Long Form Audit Reports, considering recommendations from committees such as Ghosh and Jilani, and preparing special purpose reports and certificates etc. These requirements underscore the importance of thorough preparation and staying updated with regulatory guidelines to effectively perform bank branch audits.

With a view to support the members for fast resolution of such queries, AASB is pleased to announce an Online Panel of Experts for addressing Bank Branch Audit related queries for financial year 2024-25. The Panel will address queries from **1<sup>st</sup> April 2025 till 15<sup>th</sup> April 2025**.

The queries are to be sent at email address: [bankauditfaq@icai.in](mailto:bankauditfaq@icai.in) **Panel Convenors**

CA. Sripriya Kumar, Chairperson, AASB and CA. Ravi Kumar Patwa, Vice Chairman, AASB, ICAI

Members are specifically informed that the views expressed by the experts of the panel would be their personal views and not necessarily the views of the AASB or the ICAI. AASB, ICAI or the members of the Panel, do not accept any responsibility for actions taken by the querists based on such advice. Further, these views are not to be used as evidence in any non-judicial/ quasi-judicial/ judicial proceeding before any authority.

To enable us to serve you better, you are also advised to:

- Be brief but provide full information and facts.
- Not to mention the name of the Bank or Branch or the name of the Borrower or



depositor to avoid problem of violation of client confidentiality requirements under the ICAI Code of Ethics.

- Avoid rejoinders.
- Not to send the same query twice.
- Draft the report on your own.
- Use own judgment.

**Vice Chairman**

Auditing and Assurance Standards Board

**Chairman**

Auditing and Assurance Standards Board



ચૈત્રિ વ્રજ્જનાં પુષ



**CA. Ramakrishna Besetty**  
ACA, B.Com  
Transfer Pricing Professional  
(Dhruva, Ex KPMG, Ex Deloitte India)



**CA. Tanishq Datta Vobbilisetty**  
ACA, B.Com  
Transfer Pricing Professional  
(EY India)

## UNDERSTANDING ASSOCIATED ENTERPRISES IN INDIAN TRANSFER PRICING LAWS

### Introduction:

In 1991, India has introduced the New Economic Policy (“NEP”) also known as Liberalization, Privatization and Globalization (“LPG”) model to address the economic challenges and to integrate the Indian economy into the global market. A cornerstone of LPG Model was the Foreign Direct Investment (“FDI”) Policy, which played a pivotal role in accelerating the economic growth in India.

However, as the old saying goes, every coin has two sides, the increased participation of multinational groups in India had given rise to complex issues evolving from intra group transactions between two or more enterprises within the multinational group. Therefore, with an intent to stipulate statutory framework for enabling fair / equitable distribution of profits, the Transfer Pricing (“TP”) Regulations in India are introduced vide Finance Act, 2001 through sections 92 to 92F of the Indian Income Tax Act, 1961 (“Act”). The TP provisions are covered under Chapter X with title “Special provisions relating to avoidance of tax”.

### Definition of Associate enterprises as per the Income Tax Act, 1961 (“ITA”):

In India, the starting point to trigger the transfer

pricing provisions is that the transacting enterprises shall be Associated Enterprises (“AE”) (at any time during the year), as defined under the Section 92A of the Act. Sub clause (a) and (b) of Section 92A(1) of Act regards enterprise/s as AE/s by virtue of participation in management or control or capital of other enterprise. However, it is important to note that the terms management or control or capital are not defined in the Act. The sub-section (2) of Section 92A of the Act enumerates thirteen specific deeming conditions to regard two enterprises as AEs (*such as direct or indirect shareholding of 26% or more, supplies 90% of the raw materials, guarantees 10% or more of the borrowings, loans an amount more than 50% of the asset base of the recipient etc.*).

### Interlinkage between Section 92A(1) and 92A(2) of the Act:

The Finance Act, 2002 has amended sub section (2) to clarify that mere fact of participation by one enterprise in the management or control or capital of the other enterprise, or the participation of one or more persons in the management or control or capital of both the enterprises shall not make them AEs, unless the deeming conditions specified in sub-section (2) are fulfilled. Although the Memorandum to Finance Bill, 2002 explicitly clarifies the interlinkage with



respect to sub section 92A(1) and 92A(2) of the act, courts have taken divergent views on said issue.

The Tribunals in the case of Orchid Pharma, Page Industries, Obulapuram Mining, TBEA Shenyang have held that satisfying one condition of S.92A(2) is essential for triggering AE relationship. In a divergent view, Tribunals in the case of Diaego India, Kaybee Private Limited and other cases have supported a view that if conditions provided in S.92A(1) are independently satisfied irrespective of trigger of S. 92A(2).

### Form 3CEB requires furnishing of nature of

### relationship with AE as per S. 92A(2):

Perusal of Question 10(b) in Part B of Form 3CEB indicates that the form requires disclosure of the “Nature of relationship with AE as referred in Section 92A(2)” whereby an interpretation can be drawn that satisfaction of one of the clauses of S. 92A(2) is essential to constitute a AE relationship.

### Income Tax Act, 1961 vis-à-vis The Income Tax Bill, 2025 (“ITB”):

Now the talk of the town being the Income Tax Bill, 2025 introduced in Lok Sabha recently. Below table draws parallel between existing definition of AEs as per Act vis-à-vis ITB:

Particulars	Income Tax Act, 1961	Income Tax Bill, 2025
Sections defining AE	Section 92A	Section 162
Inclusion of broad criteria (management or control or capital)	Yes	Yes
Language introducing deeming conditions	Sub Section (2) of Section 92A of the Act states that “ For the purposes of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,..”	Sub Section (2) of Section 162 of ITB states that “(2) <b>Without affecting the generality of the provisions of sub-section (1)</b> , two enterprises shall be deemed to be associated enterprises if, at any time during the tax year,..”

From the above, it can be observed that the Section 92A(2) of the Act starts with wordings “For the purposes of sub section (1)..” which indicates that there is an interlinkage between Section 92A(1) and 92A(2) of the Act. In contrast, the Section 162(2) of ITB begin with wordings “without affecting the generality..”, which on a plain reading suggest that general provisions of “management or control or capital” will stand autonomous. As highlighted above, since the terms of management or capital or control are not defined, this may lead to significant transfer pricing litigation when the ITB becomes effective. Hence, a clarification in this regard would be a welcome step.

### Discussion on few special scenarios:

#### Do Indian head office and foreign branch / liaison / project office constitute AEs?

There are plethora of judicial rulings which held that Indian head office and its foreign branch/ liaison/ project office are not AEs because branch offices are not separate entities in itself. There could be several reasons associated with this. Firstly, the financial results of branch offices will be consolidated at Indian headquarter level and aggregate income is offered for taxation purposes. Secondly, under the doctrine of mutuality, a person

cannot earn income or suffer losses with oneself. As per on doctrine of mutuality, any deviation in transfer price between Indian head office and foreign branch / liaison/ project office would be set off at Indian headquarter level leaving no room for earning income/ suffering losses arising from said transactions. Therefore, even if the taxpayers report the transactions with foreign branch offices on a conservative approach, revenue cannot take estoppel against the law.

#### **Are Indian branch office and foreign head office AEs?**

Converse to above, Indian branch office and foreign head office maybe regarded as associated enterprises and accordingly all the international transactions shall be subjected to arm's length norms for the following reasons.

- a) Indian branch office which is conducting business in India maybe regarded as enterprise and falls under purview of permanent establishment ("PE") under Section 94F(iii) of the Act. Hence, the arm's length profits attributable to such PE shall be subjected to Indian Corporate Taxation.
- b) The transactions between Indian branch office and Head office are not tax neutral.
- c) Also, most of the tax treaties on taxing of business profits directs that profits of PEs shall be computed as if it is a separate and distinct entity. Hence, the TP provisions are applicable in this case.

#### **Is mere disclosure of enterprises as AEs in Form 3CEB sufficient to triggering TP provisions?**

Many judicial rulings indicate that a mere disclosure of the transactions between enterprises on abundant caution basis (in Form 3CEB) would not suffice to consider such entities as AEs. The onus to prove the AE relationship vests on revenue.

#### **Do franchise arrangements trigger AE relationship?**

The franchisor and franchisee would be regarded as AE since the business of one enterprise is wholly dependent on franchise/ knowhow provided by the other enterprise. This is one of the thirteen deeming conditions laid in section 92A(2) of the act.

#### **Are related parties in financials the only ones to be disclosed in Form 3CEB/ TP Documentation?**

One must bear in mind that there exist certain deviations in related party relationships as per Indian Accounting Standards (Ind AS) vis-à-vis Indian Generally Accepted Accounting Principles (IGAAP) vis-à-vis Income Tax Act. Further, entities may erroneously not disclose all the list of related parties in financial statements. Hence, it is recommended that company evaluates value chain/ supply chain of MNE enterprises in entirety to analyze whether an enterprise constitutes AE as per Act. Noncompliance with Indian TP provisions might result in protracted litigation, interest, and penalties.

#### **Conclusion:**

This article examined key considerations related to AE identification under Indian TP law. Once an AE relationship is established, all international transactions must comply with arm's length principles. In forthcoming articles, we will discuss the definition of international transactions in detail. Stay tuned!

*Disclaimer: Some content has been adopted from Taxsutra, Taxmann, etc., for educational use by ICAI members and students. This article is for educational purposes only and shall not be treated as professional or legal advice. The views expressed do not reflect those of current or past employers.*





**Preeti Choudhary (CA, CS)**  
Tax Head-Wakefit Innovations Private Limited

## FACING A GST INSPECTION? HERE'S EVERYTHING YOU NEED TO KNOW TO PASS WITH EASE

In today's business environment, compliance with the Goods and Services Tax (GST) is essential not only to avoid legal penalties and disruptions but to ensure the smooth and transparent running of business operations. An inspection under GST is one of the mechanisms the tax authorities use to ensure that businesses are adhering to tax laws, filing returns accurately, and paying the correct amount of taxes. Whether it's a routine check or a special audit, understanding the GST inspection process and how to prepare for it can significantly impact the outcome.

This article delves into the GST inspection process, the legal framework surrounding it, and the critical role cooperation with GST officers plays in ensuring a smooth inspection.

### What is a GST Inspection?

A GST inspection is a formal check by the GST authorities to ensure that a business is compliant with tax laws. During the inspection, officers have the right to review various business records such as invoices, ledgers, tax returns, and payment vouchers. They may also inspect physical goods to ensure that the records match the inventory. The purpose of these inspections is to confirm that businesses are paying the correct taxes and are not engaging in activities such as under-reporting sales, over-claiming Input Tax Credit (ITC), or tax evasion.

The authority to conduct these inspections is granted under the **CGST Act, 2017**, which allows officers to inspect business premises, search for hidden goods,

and even seize items or documents if there's a suspicion of non-compliance.

### Understanding the Inspection Notice

When a business is subject to an inspection, the GST authorities issue a formal **Inspection Notice**. This notice is typically issued by a senior officer, often a **Joint Commissioner**, if they have reason to believe that the business may be involved in non-compliance. The notice specifies the scope and purpose of the inspection, as well as the date and time of the visit.

Common reasons for issuing an inspection notice include:

- Suspicion of suppressed transactions or undisclosed income.
- Excessive ITC claims beyond what is allowed.
- Violation of GST laws, such as false reporting of tax payments or inflating stock figures.

It's important to treat this notice seriously, but don't panic. The key to navigating this situation smoothly is preparation.

### Legal Framework Surrounding GST Inspections

The **CGST Act** provides the legal backbone for GST inspections. Several sections are particularly important to understand, as they govern the procedures and powers of the GST officers during an inspection:

- **Section 67:** Grants the power to inspect business premises, books of accounts, and other records.

- **Section 68:** Requires the officer conducting the inspection to have written authorization.
- **Section 69:** Allows the seizure of goods or documents if they are relevant to determining the taxpayer's tax liability.
- **Section 70:** Mandates the provision of a summary report to the taxpayer within 30 days after the inspection.

**A common outcome of an inspection is the issuance of a Show Cause Notice (SCN) if discrepancies are found. If the discrepancies cannot be explained satisfactorily, legal actions, including penalties and interest, can follow.**

### Steps in the Inspection Proceedings

Here's an overview of the stages businesses may face during the inspection process:

Sl.no	Stage of Proceedings
1	Inspection under <b>Section 67(1)</b> based on reason to believe
2	Search under <b>Section 67(2)</b> authorized by the Joint Commissioner
3	Seizure of goods/documents if necessary
4	Statement from the proper officer
5	Request for printouts of seized documents
6	Request for release of goods upon execution of a bond
7	Reply to the inspection letter Statement
8	DRC-01A -Intimation for proceeding SCN
9	Reply to DRC-01A and pay penalty 15% if tax is payable
10	SCN under Section 74
11	Reply to SCN and pay 25% penalty if tax is payable (within 30 days)
12	Demand order- Pay 50% peanalty within 30 days of Demand order if any tax is payable Pay 100% penalty after 30 days of demand if tax is payable
13	APPEAL - Pay 10% of tax disputed

### How to Prepare for a GST Inspection

The best approach is **proactive preparation**. If you receive an inspection notice, follow these steps to ensure that the process goes as smoothly as possible:

1. **Organize Your Documents:** Ensure that your records, such as books of accounts, invoices, GST returns, and payment receipts, are up-to-date and easily accessible. Missing documents can raise suspicions and lead to further scrutiny.
2. **Cooperate with Authorities:** During the inspection, provide the officers with all the documents they request. Cooperation is key.

Attempting to withhold information or obstruct the inspection can escalate the situation and lead to penalties or legal action.

3. **Respond Promptly to Notices:** Always acknowledge and respond to notices from the GST department within the prescribed time. Delays can lead to fines and interest charges.
4. **Conduct Regular Internal Audits:** Regular internal audits can help you identify discrepancies before the authorities do, minimizing the risk of penalties.
5. **Ensure Proper ITC Reconciliation:** Ensure that your ITC claims match your purchase records

and your **GSTR-2B** reconciliation. Discrepancies here can trigger an inspection.

### The Importance of Cooperation with GST Officers

One of the most significant factors in successfully navigating a GST inspection is **cooperation**. Treat the GST officers with respect and professionalism, as they are just doing their job in ensuring compliance with the law. Providing honest and transparent information can significantly impact the outcome of the inspection.

By cooperating fully, businesses demonstrate their commitment to compliance, which can lead to a more favorable outcome. In contrast, an attempt to obstruct the inspection or hide information can lead to severe penalties, interest charges, or even legal action.

### Rights of Taxpayers During GST Inspections

While businesses must cooperate with authorities, they also have **certain legal rights** during the inspection:

- **Right to Receive an Inspection Notice:** The notice must specify the reason for the inspection and the areas of scrutiny.
- **Right to Know the Reason:** Taxpayers have the right to understand why the inspection is being conducted.
- **Right to Have a Witness:** Businesses can request the presence of a witness (such as an employee or legal advisor) during the inspection.
- **Right to Seek Professional Help:** If unsure about the process, businesses can consult with a tax expert or legal advisor.

### Mistakes to Avoid During a GST Inspection

To ensure your business does not attract unnecessary scrutiny, avoid the following mistakes:

- **Failure to Maintain Accurate Records:** Incomplete or disorganized records can raise red flags for authorities.
- **Refusing to Cooperate:** Non-cooperation can escalate the situation and lead to penalties.
- **Making False Statements:** Honesty is critical. False statements can result in serious legal consequences.

- **Lack of Preparation:** Businesses that are unprepared may struggle to provide the required documentation, increasing the chances of penalties.

### Legal Recourse in Case of an Unjustified Inspection

If a taxpayer believes an inspection is unjustified, there are legal remedies available:

- File a complaint with the GST authorities.
- Approach the **Appellate Authority for Advance Ruling (AAAR)**.
- Seek judicial intervention by filing a writ petition in a higher court.

### Conclusion

A GST inspection doesn't have to be a stressful experience. By maintaining accurate records, being transparent with the authorities, and preparing in advance, businesses can navigate the inspection process efficiently. Cooperation with the GST officers is paramount—it can drastically change the outcome of an inspection. Remember, the ultimate goal of compliance is not just to avoid penalties but to operate your business with integrity, ensuring long-term success and minimizing legal risks.

Staying ahead with proactive measures like regular internal audits and ITC reconciliation will help you avoid unpleasant surprises during inspections and keep your business on the right side of the law.



CA. Sangu Ramakrishna

# EXPORT & IMPORT OF SERVICES - GST PERSPECTIVE - A QUICK REVIEW

## Introduction

The concept of 'Export of Services' under the Goods and Services Tax (GST) regime has sparked significant interest among service providers engaged in international business. Misconceptions and uncertainties often surround the applicability and compliance requirements associated with exporting services from India. This article aims to debunk common myths, outline the legal provisions, and provide a clear understanding of the place of supply in the context of export transactions.

## Myths Surrounding Export of Services

Service providers in international business frequently encounter misconceptions regarding the taxation and regulatory framework of export transactions. These myths can lead to non-compliance or missed opportunities for tax benefits. It is crucial to address these myths with factual clarity to ensure proper GST treatment. One such myth is that all international service transactions are considered exports, whereas the reality is that specific conditions must be met to qualify as an export under GST law.

## Reality Check: Legal Provisions

The export of services under GST is governed by specific conditions. These include:

1. The supplier must be located in India.
2. The recipient must be located outside India.
3. The place of supply must be outside India.

4. The payment for such services must be received in convertible foreign exchange or in Indian rupees where permitted by the RBI.
5. The supplier and recipient must not be merely establishments of the same person.

## Determination of Place of Supply

One of the critical aspects of export of services is determining the place of supply, which varies based on the nature of the service. The place of supply rules under GST outline that the location of the recipient generally determines the place of supply. However, in cases where the recipient's location is not determinable, the place of supply will be the location of the supplier. This principle plays a crucial role in establishing whether a transaction qualifies as an export of service.

## Summary of Conditions for Export of Service

To qualify as an export of service, the following conditions must be fulfilled:

- Supplier of service must be located in India.
- Recipient of service must be located outside India.
- Place of supply must be outside India.
- Payment must be received in convertible foreign exchange or in Indian rupees where allowed by RBI.
- Supplier and recipient must not be establishments of the same entity.



## Law Relating to Export and Import of Services

The GST framework distinctly categorizes the export and import of services. While export of services is considered a zero-rated supply, imports are treated as inter-state supplies liable to Integrated GST (IGST). The taxation on import of services hinges on the location of the supplier and the recipient, with a reverse charge mechanism applicable in most cases.

### Place of Supply:

Section 12 deals with determination of place of supply in case where Service provider and Service recipient both located in India:

Determination of Place of Supply where the Service Provider and the Service Recipient are located in India

#### Introduction

Under the Goods and Services Tax (GST) regime in India, determining the place of supply of services is critical for understanding the tax implications, especially when both the service provider and the recipient are located within the country. The provisions related to the place of supply of services when both parties are within India are outlined in Section 12 of the Integrated Goods and Services Tax (IGST) Act, 2017.

### General Rule for Place of Supply

According to Section 12(2) of the IGST Act:

- If the service is made to a registered person, the place of supply is the location of the recipient.
- If the service is made to an unregistered person, the place of supply is:
  - o The location of the recipient if the address on record exists.
  - o The location of the supplier in other cases.

Example: If a consulting firm in Mumbai provides services to a registered client in Delhi, the place of supply will be Delhi. However, if the client is unregistered and no address is on record, the place

of supply will be Mumbai.

### Specific Situations

1. Immovable Property-Related Services (Section 12(3)):
  - o The place of supply is the location of the immovable property. This includes services provided by architects, interior decorators, and other related professionals.

Example: An architect from Chennai designs a property in Bengaluru. The place of supply will be Bengaluru, regardless of the recipient's location.

2. Restaurant and Catering Services (Section 12(4)):
  - o The place of supply is the location where the services are performed.

Example: A catering service from Jaipur provides food at an event in Udaipur. The place of supply is Udaipur.

3. Training and Performance Appraisal (Section 12(5)):
  - o If the recipient is a registered person, the place of supply is the location of the recipient.
  - o For an unregistered person, it is the location where services are performed.

Example: A training firm from Kolkata conducts a session for a registered corporate client in Mumbai. The place of supply is Mumbai. If the client is unregistered and the training is conducted in Pune, the place of supply will be Pune.

4. Event Admission and Organization (Section 12(6) and (7)):
  - o The place of supply is where the event is actually held.
  - o For registered persons availing organizational services, the location of the recipient is considered.

Example: An event management company from Delhi organizes a concert in Goa. The place of supply will be Goa.

5. Goods Transportation (Section 12(8)):

- o To a registered person, the place of supply is the location of the recipient.
- o To an unregistered person, it is the location where goods are handed over for transportation.

Example: A logistics firm from Hyderabad transports goods for a registered client in Chennai. The place of supply is Chennai.

6. Passenger Transportation (Section 12(9)):

- o The place of supply is where the passenger embarks on the journey.

Example: A bus service from Pune to Nashik, with passengers boarding in Pune, will have Pune as the place of supply.

7. Telecommunication Services (Section 12(11)):

- o For fixed-line or cable, the place of supply is the installation location.
- o For mobile or prepaid services, it is the billing address or location of sale.

Example: A broadband connection installed in Ahmedabad will have Ahmedabad as the place of supply.

8. Banking and Financial Services (Section 12(12)):

- o The place of supply is the location of the recipient as per records.

Example: A loan processing service for a client located in Mumbai will have Mumbai as the place of supply.

9. Insurance Services (Section 12(13)):

- o To a registered person, the place of supply is the location of the recipient.
- o To an unregistered person, it is the location of the recipient as per the records.

Example: A health insurance policy issued to a registered corporate client in Bengaluru will have Bengaluru as the place of supply.

10. Advertisement Services (Section 12(14)):

- o For government or statutory bodies, the place of supply is determined proportionately among states as per the contract.

Example: An advertisement campaign for a state government aired across multiple states will allocate the place of supply proportionately based on the agreement.

**Determination of Place of Supply where the location of supplier or recipient is outside India**

The determination of the place of supply is a critical aspect under the Goods and Services Tax (GST) regime, particularly when the supplier or the recipient of services is located outside India. Section 13 of the Integrated Goods and Services Tax (IGST) Act, 2017, provides clear guidelines to determine the place of supply when either the supplier or the recipient is situated outside the territorial boundaries of India.

**General Rule - Location of the Recipient**

According to Section 13(2), the default rule for determining the place of supply, unless specified otherwise, is the location of the recipient of services. This implies that if a service is provided from India to a person located outside India, the place of supply would typically be the location of the recipient.

Example: If an Indian IT company provides software development services to a client in the USA, the place of supply will be the USA as the recipient is located outside India.

However, when the location of the recipient is not ascertainable in the ordinary course of business, the place of supply shall be the location of the supplier.

**Services Requiring Physical Presence**

Section 13(3) specifies cases where the place of supply is the location where the services are performed. This

includes services that require the physical presence of the recipient, such as repair services or personal grooming.

Example: A Canadian tourist visits India and avails spa services. The place of supply in this case would be India, as the service is physically performed in India.

### **Immovable Property Related Services**

If the service is directly related to an immovable property located outside India (like architectural or engineering services for a foreign property), the place of supply would be the location of the property.

Example: An Indian architect designs a building located in France. The place of supply would be France.

### **Event-Related Services**

For services related to admission or organization of cultural, sporting, or scientific events held outside India, the place of supply will be the place where the event is actually held.

Example: An Indian company organizes a conference in Dubai. The place of supply would be Dubai.

### **Services Performed at Multiple Locations**

If services covered under subsections (3), (4), or (5) are performed at more than one location, including a taxable territory, the place of supply shall be the taxable territory location.

### **Specific Cases**

1. Banking and Financial Services: The place of supply is the location of the supplier.
  - o Example: A non-resident Indian (NRI) holding a bank account in India avails portfolio management services. The place of supply is India.
2. Intermediary Services: The location of the supplier.
  - o Example: An Indian agent facilitating a deal between a foreign buyer and seller will have India as the place of supply.

3. Transportation of Goods (other than mail or courier): Place of destination of goods.

- o Example: Goods shipped from India to Australia – the place of supply is Australia.

4. Passenger Transportation: Place of embarkation for the journey.

- o Example: A passenger boards a flight from Delhi to London – the place of supply is Delhi.

5. Online Information and Database Access or Retrieval (OIDAR) Services: Location of the recipient.

- o Example: A foreign subscriber accessing an Indian online education portal – place of supply is the foreign location.

The above article makes an attempt to analyse the provisions relating to determination of not only export or import of services but also helps in determining whether a particular supply is inter state or intra state.



## REMINISCENCES OF A SENIOR MEMBER

By CA. Krishna Mohan

Dear Fellow members,

Greetings and good wishes to all.

The term of 1995-96 to 1997-98, perhaps witnessed the concerted and unanimous decision of the managing committee members to have a building of our own for the branch.

For those who were members then, would probably reminisce the branch office located in Asilmetta, which had no proper access and was extremely dangerous to go during the rainy season. Our team saw CA J. Sudhakar Reddy, CA Avasarala Srinivas and myself as chairmen in the order during the period. We also had three other dedicated and affable committee members in our team.

Emphasis was laid to concentrate on acquiring land from Andhra University which was already in the process for quite some time and then construct a building. All efforts were put in to pursue for allotment of land by AU by CA J. Sudhakar Reddy and CA CVS. Murthy and they were relentless in their pursuit. No amount of accolades would suffice to recognize their efforts.

The allotment of land was taking a positive path and it was nonetheless certain of getting so. Only the official letter was to be given.

Situation being so we embarked on the process of raising funds for the construction, because the resources available were very meagre. While plans were being discussed throughout on a regular basis, we had decided to organize a Fin- Expo (Financial Exhibition) to raise funds. This was done when CA Avasarala Srinivas was the chairman. At the same time we also hosted the SAFA conference wherein we received delegates from all over the Southeast Asian Countries. Both these events were held at VUDA Children Theatre. For the Fin-Expo we set up stalls which were given to Financial Institutions, Banks and the likes.

This event was a resounding success and a good amount of revenue was generated out of renting the stalls.

At this point, I cannot refrain myself in recognizing the support and help rendered by CA S. Gopalakrishnan (PWC then) and CA Yugandhar, both from Hyderabad. Both of them were instrumental to impress upon the banks and financial institutions to participate in the Fin-Expo event.

It was time for me to ascend to the coveted seat as the chairman of our branch and much to my good fortune the letter of allotment of land was received on the morning of the day when I took over as the chairman.

I had the great honour and privilege to announce the same, thoroughly recalling the efforts of our members who put in tremendous effort in getting the same.

My year as chairman was directed primarily towards fund collection from members. We set out slabs for collection from members ranging from below 3 years, 3 to 10 years and above 10 years in the profession.

The response from the members was overwhelming and collection was rapid, every member having paid in accordance with the slabs fixed.

I had personally visited almost all our members in their office for collection and it had a very fruitful bearing ultimately. By the time sufficient funds were raised, it was my time to demit office as the chairman and my successors have put up before you an impressive structure, rather a monument, I may say which we are comfortably utilizing.

As much as fund raising was a task by itself, the construction was equally a difficult task which the committee accomplished with much pomp and aplomb.

And here we are now.

Glory be to the Almighty.



# The Institute of Chartered Accountants of India

## Visakhapatnam Branch

### ONE TIME ANNUAL PAYMENT OF DELEGATE FEE (2025-26)

#### Registration Form

To  
The Secretary,  
The Institute of Chartered Accountants of India  
Visakhapatnam Branch (SIRC)  
ICAI Bhawan,  
VISAKHAPATNAM -530 003

Dear Sir,

I/We have enclosed Cheque No..... of .....  
Bank dated ..... for Rs ...../- in favour of **VISAKHAPATNAM BRANCH  
OF SIRC OF ICAI, VISAKHAPATNAM** towards my/our **ONE TIME ANNUAL DELEGATE FEE PAYMENT** for  
CPE Seminars at Visakhapatnam Branch for the period from 01.04.2025 to 31.03.2026.

#### Details of the Member/Members

S.No	Name of the Member	Date of Enrolment	M. No	Mobile No.	E-mail ID

Thanking You,

Yours Truly,

Signature



GST No. : .....

#### Online Payment Details :

ACCOUNT NAME : VISAKHAPATNAM BRANCH OF SIRC OF ICAI  
ACCOUNT NO : 024510011011521  
BANK NAME : Union Bank of India  
BRANCH NAME : PITHAPURAM COLONY  
IFSC CODE : UBIN0802450

Please forward the UTR No., Name and Membership No. to the following  
mail ID : [icaivskpbranch@gmail.com](mailto:icaivskpbranch@gmail.com)

#### One Time Annual Fee Structure for 2025-26 :

Rs. 3,000+GST 18% (Rs. 3,540/-) for New Members enrolled after 01.04.2022

Rs. 6,000+GST 18% (Rs. 7,080/-) for Members enrolled on or before 01.04.2022

# PROGRAM CALENDAR FOR THE MONTH

S.No	Date & Time	Topics
1	23/04/2025 – 5:00 am-8.30 pm (Wednesday) - 3Hrs	Physical - CPE Seminar on 48th Branch Formation Day Felicitation to Past Chairmen Topics : US Trade Policy - Recent Decision of President on Reciprocal Tariffs - Impact on India and our Profession Followed by Dinner
2	26/04/2025 – 10:00 am-05.00 pm (Saturday) - 6 Hrs	Physical - Full Day CPE Seminar Chief Guest : <b>CA. Madhukar N. Hiregange</b> Topics : Unknown Aspects for Extraordinary Success- Interaction with Chairman, CMIP Committee. By Chief Guest  Practical Aspects of FDI and ECB from Companies Perspective <b>CA. Niki Shah, Mumbai</b>  Transactions with NRIs from FEMA Perspective <b>CA. Bharani Kumar Durga, Hyderabad</b>

## “Snapshot of Memories: A Glimpse into Last Month’s Events”

Physical - CPE Seminar on SMO IPO & Opportunites for CA's UAE Business setup & compliance held on 1st March, 2025





## International Women's Day Celebrations held on 8th March, 2025









## Physical - CPE Seminar on Bank Audit under CBS Environment held on 8th March, 2025



## Campus Placement - Orientation Programme - Newly Qualified Chartered Accountants held on 10th March, 2025





## 61st Campus Placement Programme held on 11th March, 2025



## Physical - Workshop on Bank Audit - Audit of Balance sheet & Profit and Loss Account held on 12th March, 2025



## Physical - Workshop on Bank Audit - LFAR held on 19th March, 2025





## Physical - Workshop on Bank Audit - IRAC Norms held on 27th March, 2025



## Physical - CPE Seminar on NPOs and Charitable Trusts held on 29th March, 2025







**Interactive meeting of leaders of all branches with Hon. President and Vice President of ICAI**



**With President CA. CS Nanda Ji and Vice President CA Prasanna Kumar D at AIMCMM 2025**

### Felicitation by Past Chairman ICAI Kuwait Chapter



**With Andhra University Vice Chancellor**



**With Senior Economist Prof. Dr.GVR Sastry in New Delhi**

Published by **CA. Sridhar Andhavarapu**, Chairman on behalf of Visakhapatnam Branch of SIRC of The Institute of Chartered Accountants of India, Visakhapatnam and Desgined at Maruthi Printers, Plot No. 193, Sector-3, MVP Colony, Visakhapatnam - 17, Cell : 92469 32859, email : balajiavprasad@gmail.com and Published for Visakhapatnam Branch of SIRC of ICAI, D.No.9-36-22/2, Pithapuram Colony, Visakhapatnam - 530 003, **Ph : 0891-2755019**, email : visakhapatnam@icai.org. **Editor : CA. Mogalapalli P GuruMurthy**, Visakhapatnam Branch of SIRC of ICAI.

**The Views expressed by contributors in this Newsletter do not necessarily reflect the opinion of the Branch or the Institute**